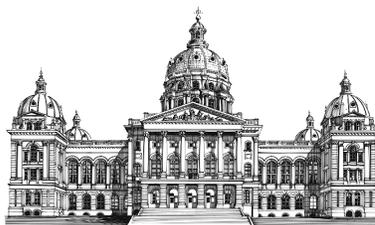


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# Iowa Legislative Fiscal Bureau

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State Capitol  
Des Moines, IA 50319  
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## Community College Funding Overview

### ISSUE

A review of community college funding

### AFFECTED AGENCIES

Department of Education

### CODE AUTHORITY

Chapters 256, and 260C, Code of Iowa

### BACKGROUND

Community colleges in Iowa constitute a statewide system of public two-year postsecondary educational institutions. Each of the fifteen community colleges serves a multi-county merged area, and all counties in the State are included in one of these merged areas. At the present time, 10 of Iowa's community colleges are operated as multi-campus institutions and the 15 community colleges operate a total of 30 campuses, as shown in **Attachment A**.

In 1996, the General Assembly repealed Chapter 260D, Code of Iowa, which defined the community college funding formula utilizing instructional cost centers, noninstructional functions, and costs per contact hour. That same year, the Department of Education was required to develop recommendations for the community college funding formula. In January 1998, *The Iowa Community College Funding Formula Task Force Report* was submitted by the Department of Education to the General Assembly which included recommendations for the General Fund appropriation and distribution to the community college system by specific formulas. The recommendations contained in the Report were endorsed by the Iowa Association of Community College Presidents (IACCP), the Iowa Association of Community College Trustees (IACCT), the Community College Council, the Department of Education, and the Iowa State Board of Education.

### CURRENT SITUATION

Beginning in FY 2000, the General Fund appropriation request by the Department of Education for community colleges of \$141.6 million was calculated utilizing the following formula as recommended by the Task Force; previous fiscal year's appropriation, plus an increase in State general aid equal to 75.0% of the adjusted general operating fund multiplied by the allowable growth factor for K-12 schools. Senate File 464, FY 2000 Education Appropriations Act, provided an FY 2000 General Fund appropriation to community colleges of \$141.6 million, equal to the level of the Department request and Governor's recommendation, which is an increase of \$6.2 million (4.6%) compared to estimated FY 1999.

Community colleges have three primary sources of revenue in their general operating budgets: State general aid; property tax; and student tuition and fees. **Table I** shows the sources of revenue for the unrestricted portion of the general operating fund for Iowa community colleges for FY 1995 through FY 1999. *The State Appropriations* revenue consists mainly of the single General Fund appropriation for general State aid to community colleges (approximately 98.5%) appropriated in the Education Subcommittee Appropriations Act of each fiscal year. *Local Property Tax* is the general levy of \$0.2025 per \$1,000 taxable valuation. *Sales and Service* includes revenue such as rental of college facilities, bookstore revenue, and sales from vending machines. *Other Income* includes revenue such as interest income, gifts and grants, miscellaneous receipts, and proceeds from fixed assets.

**Table 1**  
**Community College Revenue by Source\***

	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
State Appropriations	\$ 119,237,631	\$ 124,577,600	\$ 128,232,793	\$ 132,655,625	\$ 137,412,832
Student Tuition and Fees	88,487,614	94,510,410	101,810,818	110,149,416	115,529,785
Local Property Tax	15,902,960	16,295,106	16,021,489	16,613,665	17,468,287
Sales and Service	2,658,424	2,722,944	2,471,742	2,897,244	4,650,894
Federal Funding	9,724,727	9,390,517	8,695,009	8,988,029	9,504,535
Other Income	8,416,565	8,438,438	10,379,790	10,273,671	11,897,105
Total Revenue	<u>\$ 244,427,921</u>	<u>\$ 255,935,015</u>	<u>\$ 267,611,641</u>	<u>\$ 281,577,650</u>	<u>\$ 296,463,438</u>

\*Department of Education Year End Reports - unaudited

**Table 2** shows the revenue by source as a percent of the total operating fund (unrestricted portion) for the community colleges. From FY 1995 to FY 1999, the percentage of total revenues from State appropriations to community colleges has decreased from 48.8% to 46.4%, while the percentage of total revenues from Student Tuition and Fees has increased from 36.2% to 39.0%.

**Table 2**  
**Revenue by Source as a Percent of Total General Operating Fund Revenues**

	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
State Appropriations	48.78%	48.68%	47.92%	47.11%	46.35%
Student Tuition and Fees	36.20%	36.93%	38.04%	39.12%	38.97%
Local Property Tax	6.51%	6.37%	5.99%	5.90%	5.89%
Sales and Service	1.09%	1.06%	0.92%	1.03%	1.57%
Federal Funding	3.98%	3.67%	3.25%	3.19%	3.21%
Other Income	3.44%	3.30%	3.88%	3.65%	4.01%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

**Table 3** shows the percentage change from the previous fiscal year by revenue source for FY 1995 through FY 1999.

**Table 3**  
**Percentage Change from Previous Fiscal Year by Revenue Source**

<u>Revenue Source</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
State Appropriations	4.07%	4.48%	2.93%	3.45%	3.59%
Student Tuition and Fees	4.94%	6.81%	7.72%	8.19%	4.88%
Local Property Tax	2.86%	2.47%	-1.68%	3.70%	5.14%
Sales and Service	0.03%	2.43%	-9.23%	17.21%	60.53%
Federal Funding	7.42%	-3.44%	-7.41%	3.37%	5.75%
Other Income	30.84%	0.26%	23.01%	-1.02%	15.80%
Total Revenue	5.13%	4.71%	4.56%	5.22%	5.29%

Since FY 1999, the Education Appropriations Act for each fiscal year has specified how the State general aid to community colleges is to be distributed by college based on the recommendations of the Iowa Community College Funding Formula Task Force. Base funding equals the previous year's allocation. The next priority is a minimum increase of 2.0% for inflation. Funds remaining after allocation of the 2.0% inflation increase are to be distributed in a percentage based on each college's proportional share of enrollment. For FY 2000, the appropriation is sufficient to provide the maximum allocation for inflation at 2.0% (\$2.7 million) and to distribute the remaining appropriation increase (\$3.5 million) based on the proportional share of enrollment. **Table 4** shows the fall term credit enrollments for Iowa's community colleges for 1994 through 1998 as well as each community college's percentage of the total enrollment for Fall 1998.

**Table 4**  
**Fall Term Credit Enrollments by Community College District**

<u>Merged Area</u>	<u>Community College</u>	<u>Fall 1994</u>	<u>Fall 1995</u>	<u>Fall 1996</u>	<u>Fall 1997</u>	<u>Fall 1998</u>	<u>Percent of Total Enroll.</u>
1	Northeast Iowa	2,586	2,607	2,976	2,992	2,982	4.85%
2	North Iowa Area	2,878	2,771	2,728	2,849	2,721	4.43%
3	Iowa Lakes	2,057	2,068	2,428	2,271	2,542	4.13%
4	Northwest Iowa	574	684	742	826	863	1.40%
5	Iowa Central	3,136	2,627	2,828	3,003	3,468	5.64%
6	Iowa Valley	2,001	2,059	2,296	2,042	2,025	3.29%
7	Hawkeye	3,426	3,530	3,638	3,944	4,158	6.76%
9	Eastern Iowa	6,447	6,189	6,113	6,088	6,159	10.02%
10	Kirkwood	9,752	10,026	10,594	11,164	11,117	18.08%
11	Des Moines Area	11,034	11,440	10,737	10,720	10,306	16.76%
12	Western Iowa Tech	2,664	2,951	3,276	3,539	4,096	6.66%
13	Iowa Western	4,788	3,641	3,887	3,951	4,000	6.51%
14	Southwestern	1,222	1,211	1,228	1,142	1,092	1.78%
15	Indian Hills	3,289	3,292	3,424	3,495	3,375	5.49%
16	Southeastern	2,660	2,519	2,519	2,594	2,575	4.19%
	<b>Total</b>	<b>58,514</b>	<b>57,615</b>	<b>59,414</b>	<b>60,620</b>	<b>61,479</b>	<b>100.00%</b>

Source: Dallam Reports, University of Iowa

## **BUDGET IMPACT**

For FY 2001, the Department of Education has calculated the increase in State general aid for Iowa's community colleges based on the actual FY 1999 expenditures. The appropriation request will be \$150.5 million, an increase of \$8.9 million (6.3%) compared to estimated FY 2000.

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# IOWA COMMUNITY COLLEGES

